

**SMALL
BUSINESS
DEVELOPMENT
CENTER**

2003 PROGRAM ANNOUNCEMENT

FOR FY2004 or CY2004

SHADED AREAS INDICATE CHANGES

SMALL BUSINESS DEVELOPMENT CENTER

2003 PROGRAM ANNOUNCEMENT **FOR FY2004 OR CY2004**

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SMALL BUSINESS DEVELOPMENT CENTER
PROGRAM ANNOUNCEMENT
SECTION A

Introduction

The Small Business Development Center (SBDC) Program is sponsored and partially funded by the U.S. Small Business Administration (SBA). The SBDCs operate as a partner to the SBA to provide quality customer service to the small business community. The SBDCs represent the Agency's largest grant-funded service delivery network, and are responsible, in cooperation with SBA's Office of Small Business Development Centers (OSBDC) and the cognizant SBA District Office, for developing programs and providing services that effectively meet the economic development goals and objectives of the U. S. Small Business Administration and of their respective states and local funding partners. Within statutory and regulatory boundaries, goals must be jointly negotiated and agreed upon with the full participation of the District Director and the SBDC State/Region Director. In areas with more than one district office, one project officer is the primary point of contact, but all district directors must sign off on the negotiated proposal.

Specific goals that must be negotiated include the Agency's FY 2004, Government Performance and Results Act (GPRA) goals which are relevant to the SBDC Program. These goals include:

- Through counseling or training, contribute to entrepreneurs starting new businesses to be competitive in the marketplace.
- Through counseling or training, assist existing businesses to be economically viable.
- Achieve high customer satisfaction rate as determined through surveys.

For purposes of negotiations it should be noted that SBDCs under Section 21 of the Small Business Act are required to provide counseling to small businesses including working with the Administration to develop and provide informational tools for use in working with individuals on pre-business start-up planning and existing business expansion. See §21(c)(3)(iii) of the Small Business Act.

In addition, the Association of Small Business Development Centers Certification Standards 4.1.1 and 4.1.2 relate to the goals set forth above.

Pursuant to 13 CFR §130.340(c), SBA has identified Special Emphasis Groups as well as veterans, service-connected disabled veterans and reservists called to active duty to be targeted for assistance by SBDCs. (See Section 303, P. L. 106-50).

The SBDC, in consultation with the district director and OSBDC, will develop the extent to which SBDC statutory and program duties will be delivered to address the needs of the

small business community in the area to be served. In doing so, SBDCs must ensure that statutory and regulatory duties are met. In areas with more than one district director, OSBDC will designate one district director to be responsible for negotiating the Cooperative Agreement. The responsible district director (or Lead District Director) will confer with the other district director(s) to ensure their needs will be met. Only the Lead District Director is required to sign off on the negotiated proposal. The signed negotiated agreement shall be accompanied by a written concurrence from the other district director(s).

The national SBDC Program is directed by the Associate Administrator for Small Business Development Centers under the direction of the Associate Deputy Administrator for Entrepreneurial Development. The cognizant SBA district director is the primary contact for direction of the delivery of services to the small businesses in each District Office area, and for monitoring and overseeing the Cooperative Agreement and the ongoing operation of the SBDC. Therefore, the district director has the authority and is directly responsible for negotiating the cooperative agreement that will effectively deliver the services and achieve Agency goals.

SBDCs, Business Information Centers (BICs), Women Business Centers (WBCs), SCORE and U.S. Export Assistance Centers (USEACs), with the assistance from SBA district offices, must work collaboratively to coordinate their efforts in order to expand services and avoid duplication. When the SBDCs are located in communities with these resource partners, the SBDCs will work with them to offer training and other forms of assistance to their clients. In addition, as part of the cooperative agreement, the district director and the SBDC State/Region Director will negotiate the furnishing of on-site SBDC counseling at the OSCs, the WBCs, the USEACs, and the BICs, subject to the availability of funds and local needs. SBDCs are encouraged to fully utilize the resources of other Federal, State and local government, academic and private sector programs concerned with aiding small businesses to provide new or expanded business development assistance.

SBDCs operate under a plan to provide assistance within a state or designated geographical area. The initial plan must have the written approval of the Governor, or his or her designee, or other evidence, confirming that the applicant's designation as an SBDC would be consistent with the plan adopted by the State government and approved by SBA. As a condition to any award made, SBDC applicants are required to provide at least an equal amount of matching funds from sources other than the Federal government. SBDCs operate under the provisions of 15 USC 648, 13 CFR Part 130, 13 CFR Part 143 or OMB Circular A-110, as well as other applicable OMB Circulars, a Notice of Award (Cooperative Agreement) issued by SBA, and the provisions of this Program Announcement.

It is the Agency's intention to continue to fund SBDC applicants annually to ensure ongoing services to small businesses. However, an SBDC may not receive continued funding if there has been a clear showing of poor performance, improper activity affecting the operation and integrity of the SBDC, or a failure to follow the rules and procedures set

forth in the statute, regulation and/or program announcement as incorporated into the Cooperative Agreement.

Purpose

The SBDC Program is designed to provide high quality business and economic development assistance to small businesses and prospective small businesses (as defined by 13 CFR 121) in order to promote growth, expansion, innovation, increased productivity and management improvement. To accomplish these objectives, SBDCs link resources of the Federal, State, and local governments with the resources of the educational community and the private sector to meet the specialized and complex needs of the increasingly diverse small business community.

SBDC Program Organization and Terminology

The specific identification “Small Business Development Center” or “Small Business and Technology Development Center” shall be a part of the name of every SBDC organization within the SBDC network. (Existing Alabama and Nebraska SBDCs are exempt from this requirement.) No other name designations or variations will be accepted. SBDCs will have two years from promulgation of revised SBDC regulations (currently in progress) in which to make a necessary name change. An SBDC proposing to use the identification “Small Business and Technology Development Center” must follow the procedures set forth in Attachment A, Section B, Guidelines, and have the advance written approval of the AA/SBDCs. The state (or regional in Texas), Small Business Development Center organization is referred to as the “Lead” SBDC. The lead SBDC manages and administers a comprehensive small business assistance network, consisting of the lead center and its service centers, under the terms of a Cooperative Agreement between the U. S. Small Business Administration and the recipient organization. This network is part of the Small Business Development Center Program.

Program Operation

The Lead SBDC shall establish a program control center to provide administrative services to the SBDC network within the state.

These administrative services shall include, but not necessarily be limited to: (1) program development; (2) program management; (3) promotion and public relations; (4) financial accounting; (5) reports management; and (6) internal quality control. Records shall be maintained in the Lead SBDC indicating the Federal, State, local government, academic, and private sector resources available to the SBDC network and the types of services provided to clients.

The SBDC network shall provide services as close as possible to small businesses by using a variety of service delivery mechanisms, including satellite locations, traveling counselors, or electronic capabilities, when appropriate. The facilities and staff of each

SBDC shall be located in such places as to provide maximum accessibility and benefits to the small businesses which the SBDC is intended to serve.

The Lead SBDC must have a separate budget and identity and should not be an indistinguishable part of a larger unit. It must also have its own full-time staff. This shall include a full-time (100%) State/Region Director who shall operate and administer the operations of the SBDC network and shall have the authority to make expenditures under the Center's budget as well as manage the Program activities.

Other statutory requirements for the SBDC are outlined in 15 U.S.C. 648 (c)(2).

Required Reporting Lines for SBDC State/Region Director

The SBDC Director within an educational institution must report to the school or college dean or an equivalent or higher level administrator. In a non-educational organization, the SBDC Director must report to an individual who is no lower than the third level of management or administration within a state agency.

Recognition of the U. S. Small Business Administration

The SBDC program is a partially funded partnership program of the U. S. Small Business Administration. Subject to the availability of funds, the SBA provides federal funding to the SBDCs on annual basis and each SBDC operates under the program's Federal regulations and Section 21 of the Small Business Act. Accordingly, SBDCs are expected to acknowledge SBA's support.

All SBDC recipients must conform to SBA/SBDC guidelines regarding prominent display of the SBA/SBDC co-branding logo at the front of each office in the SBDC network. The SBA logo must also appear prominently on all SBDC websites that are related to this cooperative agreement. The following disclaimer and acknowledgement of support must be in legible, easily readable print (within 2 inches of the SBA logo).

“The SBDC is partially funded by the U. S. Small Business Administration. SBA's funding is not an endorsement of any products, opinions or services. SBA funded programs are extended to the public on a non-discriminatory basis.”

All publications, promotion pieces, websites, information and training materials must expressly acknowledge that the SBDC program is “partially funded by the U. S. Small Business Administration.” This acknowledgement may include the SBDC's other major funding partners.

The SBA will have unlimited license to use data and written materials generated under this cooperative agreement, whether or not the materials are copyrighted.

In addition, the grant recipient may not use the U. S. Small Business Administration's name or logo for the endorsement of any SBDC publication which contains editorial content. All such publications must have the additional following disclaimer:

“This material is based on work supported by the U. S. Small Business Administration.

Any opinions, findings, conclusions or recommendations expressed are those of the

author(s) and do not necessarily reflect the views of the SBA.”

STATEMENT OF WORK SECTION B

The SBDCs must employ their best efforts to ensure that their economic development and technical assistance services are available to all small business populations, including those Special Emphasis Groups such as minorities, women, Native Americans, 8(a) firms in all stages, veterans and service-connected disabled veterans, reservists called to active duty, people with disabilities, individuals currently and formerly receiving public assistance, individuals in low and moderate income urban and rural areas, and individuals located in Empowerment Zones and HUB Zones. (13 CFR 130.340(c).

SBDC Services

See Attachment A, Guidelines/Definitions

Services provided by a Small Business Development Center must be negotiated with the district office(s). The goals and initiatives of the SBA Administrator must be part of the negotiation of the services to be provided. The services provided must include statutory service requirements. Services to be performed shall include the activities of the lead SBDC (applicant) and all participating network members. Each applicant will be accountable to SBA for performing all services included in its proposal.

Statutorily required services include:

- (A) On a non-fee basis, furnishing one-on-one confidential counseling to current and prospective small business owners, including:
 - (i) working with individuals to increase awareness of basic credit practices and credit requirements;
 - (ii) working with individuals to develop business plans, financial packages, credit applications, and contract proposals;
 - (iii) working with the Administration to develop and provide informational tools for use in working with individuals on pre-business startup planning, existing business expansion, and export planning; and
 - (iv) working with individuals referred by the SBA district offices and SBA participating lenders.
- (B) Assisting in technology transfer, research, and development, and applied research including:

- (i) Working to increase the access of small businesses to the capabilities of automated flexible manufacturing systems;
 - (ii) Working through existing networks and developing new networks for technology transfer; encouraging partnerships between the small business and academic communities to help commercialize university-based research and development; introducing university-based engineers and scientists to their counterparts in small technology-based firms;
 - (iii) Under appropriate circumstances, exploring the viability of developing shared production facilities.
- (C) In cooperation with the Department of Commerce and other relevant Federal agencies, actively assisting small businesses in exporting by identifying and developing potential export markets, facilitating export transactions, developing linkages between United States small business firms and prescreened foreign buyers, assisting small businesses to participate in international trade shows, assisting small businesses in obtaining export financing, and facilitating the development or reorientation of marketing and production strategies; where appropriate, the SBDC and the SBA may work in cooperation with the State to establish a State international trade center for these purposes.
- (D) Developing a program in conjunction with the U.S. Export Assistance Centers and local and regional SBA offices that will enable SBDCs to serve as an information network and to assist small business applicants for trade finance programs, and otherwise identify and help to make available export financing programs to small businesses.
- (E) Working closely with the small business community, small business consultants,
State agencies, universities and other appropriate groups to make translation services more readily available to small business firms doing business, or attempting to develop business, in foreign markets.
- (F) Cooperating with the Department of Commerce and other relevant Federal agencies to increase access to available export market information systems, including the CIMS system.
- (G) Assisting small businesses to develop and implement strategic business plans to timely and effectively respond to the planned closure or reduction of a DOD facility within the community, or actual or projected reductions in such firms' business base due to the actual or projected termination or reduction of a DOD program or a contract in support of such program.

- (H) Maintaining current information concerning environmental, energy, health, safety, and other Federal, State, and local regulations that affect small businesses and counsel small businesses on methods of compliance. Counseling and technology development shall be provided when necessary to help small businesses find solutions for complying with environmental, energy, health, safety, and other Federal, State, and local regulations.
- (I) Coordinating and conducting research into technical and general small business problems for which there are no ready solutions.
- (J) Providing and maintaining a comprehensive library that contains current information and statistical data needed by small businesses.
- (K) Maintaining a working relationship and open communications with the financial and investment communities, legal associations, local and regional private consultants, and local and regional small business groups and associations in order to help address the various needs of the small business community.
- (L) Conducting in-depth surveys for local small business groups in order to develop general information regarding the local economy and general small business strengths and weaknesses in the locality.
- (M) Assisting small businesses in rural areas in an effort to increase their participation in exporting, government procurement, tourism, access to credit, incubators, innovation and technology, and other small business programs, in cooperation with the U.S. Department of Commerce and other relevant Federal agencies.
- (N) Maintaining lists of local and regional private consultants to whom small businesses can be referred.
- (O) Providing information to small businesses regarding compliance with regulatory requirements.
- (P) Developing information publications, establishing resource centers of reference materials, and distributing compliance guides published under section 212(a) of the Small Business Regulatory Enforcement Fairness Act of 1996, PL 104-121.
- (Q) The SBDC may provide small business owners with access to a wide variety of export-related information by establishing on-line computer linkages between SBDCs and an international trade data information network with ties to the Export Assistance Center Program.

- (R) Providing information and assistance to small businesses about establishing drug-free workplace programs.
- (S) The SBDCs may develop marketing and production strategies that will enable the rural businesses to better compete in the domestic market; provide technical assistance needed by rural small businesses; make available managerial assistance to rural small business concerns; and provide information and assistance in obtaining financing for business startups and expansion.
- (T) Upgrading and modifying its services, as needed, in order to meet the changing and evolving needs of the small business community.
- (U) Using and compensating qualified small business vendors, including but not limited to, private consulting engineers and private testing laboratories to provide services to small businesses.

In addition, district directors and SBDC State/Region Directors will negotiate services to meet local identified needs including:

- (A) Providing financial assistance, including:
 - (i) working with the district offices to assist in achieving the Agency's loan goals and;
 - (ii) providing financial packaging assistance.
- (B) Promoting SBA's SBIR and STTR Programs.
- (C) Informing their small business contractors about SBA's Surety Bond Guarantee Program.
- (D) Providing basic information needed by small business concerns interested in procurement opportunities in the Government arena, including the use of electronic commerce and electronic marketing.
- (E) Developing, facilitating and/or leveraging appropriate distance learning programs and/or initiatives that can be utilized by small business clients, and where appropriate, other SBA resource partners.
- (F) Working closely with the U.S. Department of Commerce, National Institute of Standards and Technology's Manufacturing Technology Centers to assist small manufacturers.
- (G) Using the SBDC Clearinghouse, also known as the SBDC Net, to assist in serving the needs of the small business community.

- (H) Assisting people with disabilities to consider entrepreneurial opportunities and to succeed in business.
- (I) Collecting, categorizing and making available, in consultation with the SBA, turn-key training programs representing the best-of-the-best from SBDCs. Such a training program would be in an electronic format and include a course syllabus, lecture presentation, faculty notes, outreach materials and an accompanying student text or information summary.
- (J) Developing electronic commerce programs and initiatives designed to help small firms compete in the new digital economy.
- (K) Developing economic recovery programs and plans which include counseling of small business owners on ways and means to rehabilitate an on-going business through a re-directed approach to marketing and financial management. Subjects for counseling may include advice in seeking alternative markets for products or repackaging of outstanding loans or other financial obligations and credit counseling for the reprogramming of debt. Training may also be offered to the small business owners which will introduce them to the new methods of doing business such as in e-commerce, etc.
- (L) Encourage SBDC to increase the use of the internet to expand outreach and improve the delivery of services (e.g., online counseling, more distance learning, and creation of expert tools for small businesses.
- (M) Community Development

All SBDCs are encouraged to participate in and actively support community development in their areas of geographic responsibility. This includes coordination and involvement with all levels of government – federal, state and local in support of initiatives that strengthen the infrastructure of the community, and ensure stability and equality in community based economic growth and development. The private sector, including business and professional organizations, should be invited to become stakeholders in the development of the community. SBDCs should act as catalysts to initiate development projects beneficial to the community as a whole.

REQUIRED PROPOSAL SUBMISSION DATES

SECTION C

All SBDC applicants are required to submit the original and two copies of their final SBDC proposal to the appropriate SBA Project Officer. Proposals shall be limited to a maximum of 100 pages.

To ensure timely refunding of SBDC continuing applications, the following time frames have been established for the submission of proposals throughout the SBDC/SBA network. STRICT ADHERENCE TO THESE TIME FRAMES BY BOTH SBDC APPLICANTS AND SBA PERSONNEL IS IMPERATIVE TO ALLOW THE AGENCY SUFFICIENT TIME TO REVIEW AND ISSUE THE COOPERATIVE AGREEMENT:

SBDCs FUNDED ON THE FISCAL YEAR

June 18, 2003	Proposal due from the SBDC applicant to Project Officer in the SBA District Office – Project Officer, District Director and SBDC applicant complete proposal negotiations
July 16, 2003	Proposal due from the DD to the Office of SBDCs in SBA Headquarters for Program Manager's review
August 20, 2003	Final proposal due from the Program Manager to the Grants Management Specialist for processing of the grant award

SBDCs FUNDED ON THE CALENDAR YEAR

August 20, 2003	Proposal due from the SBDC applicant to Project Officer in the SBA District Office – Project Officer, District Director and SBDC applicant complete proposal negotiations
September 17, 2003	Proposal due from the DD to the Office of SBDCs in SBA Headquarters for Program Manager's review
September 30, 2003	Final proposal due from the Program Manager to the Grants Management Specialist for processing of the grant award

See Attachment D for Required Application Format

ADVANCE UNDERSTANDINGS

SECTION D

Services and programs provided through the Cooperative Agreement should not solely duplicate or replace any existing programs. (Federal funds shall not be used to supplant or solely duplicate existing programs). Where these understandings conflict with Section 21 of the Small Business Act, Part 130 of SBA's regulations, relevant OMB circulars, or SBA's policy notices, all of the above will control and take precedence over these understandings.

Hours of Operation:

The Lead SBDC **and service centers** shall be opened to the public throughout the year during the normal business hours of the **host institution**. Anticipated closings shall be included in the annual renewal application. Emergency closures shall be reported to the SBA Project Officer as soon as is feasible. Other SBDC service providers shall be opened during the normal business hours of their sponsoring SBDC organization.

Travel:

The travel charged to the Cooperative Agreement must be in accordance with provisions of the grant and utilized in conformance with 13 CFR 130.460(g), and will be used under the same formula for travel reimbursement as provided by the host institution.

SBDCs are authorized to include a certain amount of funds in the proposal for "unplanned" travel. Unplanned travel is defined as "travel which is necessary to further SBDC objectives, but for which a complete description and/or justification could not be provided in the proposal." SBDCs are required to **notify the SBA Project Officer of any unplanned out of state travel and** report after the fact in the quarterly or annual report. Requests for out-of-state travel exceeding the amount approved in the proposal must be submitted for prior approval to the SBA Project Officer.

Travel funds are authorized for the SBDC State Director and/or his/her designee to attend two Association of Small Business Development Center meetings per year. Travel funds may also be authorized for additional SBDC staff to attend meetings designed for professional development purposes. Further, one trip per year, as approved by the AA/SBDC, is authorized to allow the SBDC State Director and/or his/her designee to meet with national SBA officials to discuss local program initiatives.

Travel outside the United States and its territories which is either: (1) charged to the Cooperative Agreement; or (2) performed while on duty for the recipient organization must be submitted to the District Director who shall submit a recommendation to the AA/SBDCs or his/her designee for prior approval on a case-by-case basis. (Travel to be completed using vacation time regularly earned is not subject to approval by the

AA/SBDCs). Failure to obtain this approval may result in suspension or termination of funding.

Private Sector Competition:

SBDCs should not unduly compete with the private sector and shall make every effort to avoid the appearance of competition with the private sector.

Publication and Postage Requirements:

Any publication generated by an SBDC with program funds, whether copyrighted or not, must include an acknowledgment of support by SBA (See page 4). This includes, but is not limited to, newsletters and training brochures. Moreover, a brief statement indicating that SBDC programs are nondiscriminatory and available to individuals with disabilities must also be included.

Publications produced by the SBDC must promote SBDC services and provide information of direct benefit to the SBDC's local small business community.

Lead SBDCs and SBDC service centers are not authorized to utilize any type of SBA postage franking privilege.

Legal Services Restrictions:

SBDCs must not engage in the practice of law. This includes but is not limited to using SBDC counselors to provide individual legal advice, represent a client in litigation or any legal proceeding, or otherwise practice law as defined by the state in which the SBDC is located. SBDC counselors who are qualified by experience and training to discuss legal issues may do so in a general way, but they must not engage in an attorney-client relationship and must make appropriate disclosures and disclaimers to that effect. SBDCs may offer training courses on business law issues, provided that legal topics are presented by individuals qualified by training and experience to address such topics. In furtherance of their educational mission, SBDCs may negotiate arrangements with law schools to offer clients access to supervised student legal clinics that are approved by the state attorney licensing entity. The SBDC must make appropriate disclosures and disclaimers to that effect.

EEO and Disabled Accessibility/Accommodation Requirements:

All SBDC services must be rendered on a nondiscriminatory basis, and no individual may be excluded from any program because of race, color, religion, sex, age, disability or national origin. Workshops, seminars and conferences must be held in Disabled accessible locations. Reasonable accommodation **must** be made, upon request, for visually and hearing impaired attendees. SBDCs are required to make modifications and

accommodations (which do not fundamentally alter the program or activity or entail undue **hardship**) to enable otherwise qualified disabled individuals to participate. The SBDC Network must comply with 13 CFR Parts 112, 113, 117, and 136.

Conflict of Interest Policy:

Each SBDC applicant must have a conflict of interest policy which is disseminated to all employees, consultants, instructors and volunteers of the SBDC network.

Changes in Points of Communication

The SBDC Director must notify the SBA District Director(s) and the Office of Small Business Development Centers within 10 days when changes occur in contact information such as physical addresses for Lead and service centers, telephone numbers, fax numbers, e-mail and web-site addresses.

Disputes Policy:

Dispute means a programmatic or financial disagreement which the recipient organization requests be handled with SBA in a formal manner.

Any dispute arising during the annual negotiation phase of the Cooperative Agreement, or after official award of the Cooperative Agreement, shall be resolved in the manner prescribed and within the time frames stated in the SBDC Regulations and the Notice of Award (Cooperative Agreement). Every effort shall be made to resolve disputes at the district office level.

When handling such disputes, the AA/SBDCs has specific responsibilities assigned by law. Other responsibilities reside with district office personnel and headquarters offices. These are outlined in the SBDC regulations, the Notice of Award, and Agency regulations governing appeals.

Small Business Week:

SBDCs are encouraged to support, plan, implement and participate in U.S. Small Business Week activities in cooperation and coordination with local SBA officials. SBDC State/Region Directors and other SBDC personnel, with their strong links to prominent entrepreneurs and small business advocates in their communities, should nominate individuals for Small Business Week awards.

Selection of a State/Region SBDC Director:

- (A) The recipient organization must notify the SBA district director when the State/Region Director plans to resign.
- (B) A new SBDC State/Region Director should be selected as soon as possible. An Acting Director can be appointed until a Director is selected.

- (C) The SBA district director will encourage the recipient organization to broaden its search for a new SBDC State/Region Director as far as possible to obtain the best qualified candidates, including using the resources of the ASBDC.
- (D) The host institution must submit recruitment and selection plans for an SBDC State/Region Director position to the SBA district director for his/her approval, (or Lead District Director when there is more than one district office). The district director must be involved in all aspects of recruitment and selection of an SBDC State/Region Director. The SBA must concur with SBDC State/Region Director selection. If a district director non-concurs with the selection of the SBDC State/Region Director, he/she must express those concerns in writing to the AA/SBDCs for a final decision.

SBA Involvement:

The SBA will be involved in the following:

- (A) Approving the acceptability of SBDC proposals (OSBDC and District Offices – in multi-district areas, each district director must sign the negotiated proposal);
- (B) Checking that SBDC activities conform to the requirements of the law, the Program Announcement, the Cooperative Agreement, SBA policy, and other areas agreed upon;
- (C) Monitoring and overseeing the Cooperative Agreement and ongoing operations of the SBDC network to see that Federal funds are used effectively and efficiently. This includes, but is not limited to: (1) reviewing records and files (including programmatic and financial reports); (2) reviewing procedures related to performance under this agreement; and (3) interviewing SBDC clients to determine satisfaction with SBDC services;
- (D) Checking that the SBDC has adequate policies and procedures to monitor the receipt and expenditure of program income, and checking that program income was used to further eligible SBDC program objectives;
- (E) Checking that priority assistance is provided to clients referred by SBA consistent with the SBDCs resources;
- (F) Determining the acceptability of SBDC activities submitted as part of accountability requirements; and
- (G) Participating in the evaluation of SBDC program operations and resolution of disputes and policy issues.

Examinations and Accreditations:

As outlined in 15 USC 648(k), biennial program and financial examinations of SBDCs are conducted by SBA's Office of Small Business Development Centers. A certification program is currently operated by the Association of Small Business Development Centers. As required by the Small Business Act, the SBA may not renew or extend any cooperative agreement with an SBDC unless it has been approved under the certification program. Where conditions have been imposed as a result of the certification process, a proposal including a plan of work describing actions to be taken and a timeframe for

meeting the specified conditions must be prepared by the SBDC. The AA/SBDCs may waive the certification requirement upon a showing that the SBDC is making a good faith effort to obtain certification.

Leveraging Resources:

SBDC training and/or information materials, developed with SBDC program funds, (such as publications, training guides/materials, outline courses, online tools, web-sites, CD ROMs and videos), will be readily available to SBA for other federal purposes. All such materials will provide appropriate credit to the developing SBDC. A plan for sharing such SBDC generated training and information materials for other federal purposes will be prepared by the SBDC program office in cooperation with the ASBDC and the SBDC Advisory Board.

Disaster Operations Plan:

Each Lead SBDC and its service centers must have in place disaster plans which are in coordination with the host institution to ensure delivery of services to small businesses in its area of operations, and such plans must be kept on file and available for review by SBA officials. Plans should be reviewed annually by the center directors and updated as needed. SBDCs individually, and in cooperation with SBA and other Federal Agencies as well as State and local entities are encouraged to provide disaster recovery assistance to support impacted small businesses in local economies.

ATTACHMENT A

DEFINITIONS/GUIDELINES

SECTION A

DEFINITIONS

Client:

An SBDC client is an individual, or a business entity, who requests and receives counseling, training or information pertaining to starting, managing or growing a small business. In order to be counted, a counseling client must receive at least one hour of counseling. (See SBA Policy Notice, Control No. 6000-761, effective 9-7-2001 attached as an appendix to this section.

Contacts:

An SBDC Contact is an individual, or business entity, who requests and receives information pertaining to starting, managing or growing a small business. The information provided is categorized as information services. In order to be counted, a contact must receive more than 15 minutes, but less than 60 minutes of information services.

Counseling Case:

A counseling case is composed of a substantive problem, issue or question presented by the small business client, which requires individual or group advice, guidance or instruction to resolve. The issues presented by the SBDC client must be substantive in nature and require assistance in the formation, management, financing or operation of a small business enterprise. A counseling case may be presented by an individual or more than one individual in one-to-one sessions or through electronic communication, including telephone contact or computer e-mail. All counseling must be documented on SBA Form 641, 641A and SBA Form 1062. This documentation must be kept on file at the SBDC. This case documentation must be available for inspection by SBA officials for a period set forth in the official agreement between SBA and the SBDC. To be counseled, an SBDC client must complete and sign SBA Form 641, or in the case of electronic counseling must acknowledge through an appropriate "electronic substitute" the

requirements imposed by accepting counseling assistance. (See SBA Policy Notice, Control No. 6000-761, effective 9-7-2001).

Counseling may also include clients who seek individual counseling assistance but are grouped for counseling sessions with others in like circumstances.

Distance Learning:

Distance learning is the process of connecting learners with remote and multiple resources. Such learning uses communication technologies to stimulate continuous and lifelong learning. The technologies used include video, audio, computer, satellite, audio-graphic and print technologies.

Goals and Initiatives

Goals are those established by the SBA Administrator in response to the Government Performance and Results Act (GPRA), and cover several years or those negotiated between the SBA District Office and the SBDC. SBDCs also have goals with their local funding partners. Initiatives are shorter term issues of interest or may include populations designated by SBA for special emphasis.

Information Transfers:

Information Transfer refers to contact services, of a substantive nature which are not considered counseling or training. Counseling of less than one hour and training less than two hours fall within this category which also includes such services as the use of library resources, the use of computers or software, viewing of business videos, fax-on-demand, information mailings, telephone assistance, electronic assistance, etc. These services are not considered counseling or training as defined by the SBDC program.

Lead District Director:

The Lead District Director is located in a state with one lead SBDC, but more than one SBA District Office. The Lead District Director is designated by the OSBDC to be responsible for negotiating the Cooperative Agreement with the OSBDC.

Non-Debt Financing:

Non-Debt Financing includes all financing obtained by clients as a result of SBDC assistance (except loans), such as: grants, SBIR awards, equity investments, licensing fees, and government contracts.

Prebusiness Workshop:

This is a training program designed for individuals interested in owning and managing a small business or small business owners who have been in operation for a year or less. The purpose is to provide a comprehensive introduction to the fundamentals of starting and managing a small business.

SBDC Network/SBDC Program:

The SBDC Network or the SBDC Program is the combination of the Lead SBDC, SBDC service centers, and satellite locations.

SBA Resource Partners

SBA Resource Partners are organizations that provide services through SBA funding or through another recognized relationship with SBA. Resource partners include Small Business Development Centers (SBDCs) and Service Corps of Retired Executives (SCORE). SBA provides additional services through Business Information Centers (BICs), Tribal Business Information Centers (TBICs), Women's Business Centers (WBCs), U.S. Export Assistance Centers (USEACs).

SBDC Service Center

A service center is an entity authorized by the Lead SBDC to perform SBDC counseling and training services. There is no direct relationship between a service center and the SBA. Lead SBDCs are encouraged to include Historically Black Colleges and Universities as service centers in their networks.

Special Emphasis Groups:

The Special Emphasis Groups are underrepresented in the population of business owners compared to their representation in the overall population. This can vary from SBDC to SBDC. Depending upon the location and demographics of the SBDC, Special Emphasis Groups may include: disabled individuals, Native Americans or Alaska Natives, Black or African Americans, Asian Americans, Native Hawaiians or other Pacific Islanders; Hispanics, women, veterans, service connected-disabled veterans, individuals in rural areas, individuals in HUBZones, and individuals in low to moderate income urban and rural areas as determined by Census Bureau information.

Training

An SBDC training workshop or seminar is defined as an activity or event in which the SBDC actively delivers a structured program of knowledge, information or experience on a business-related subject. The number of attendees should be not less than 6 unless the special matter or special circumstances justify a lower attendance. Such an activity may

also include a self-taught online training event that requires client registration, is sponsored by the Agency, or is co-sponsored with an outside entity, and is delivered through SBA's web site or a web site of one of its resource partners. The SBDC must use SBA Form 888 to report and document SBDC training activities. Each SBDC must report the number of SBA training programs, the number of attendees and the attendee demographic data. The **file** must include the agenda for the training. (See SBA Policy Notice, Control No. 6000-761, effective 9-7-2001).

SECTION B GUIDELINES

Counseling

Recipients will provide counseling to both current and prospective small business owners. An SBDC's counseling clients should be reflective of its area's demographics. SBDCs shall assist small businesses in solving problems concerning operations, manufacturing, engineering, technology exchange and development, personnel administration, marketing, sales, merchandising, finance, accounting, business strategy development, and other disciplines required for small business growth and expansion, innovation, increased productivity, management improvement, and maintaining the industrial base. Fees may not be imposed for counseling.

Co-sponsorship Agreement:

When involving one or more for-profit organization and the SBA as cosponsors, a Co-sponsorship Agreement must be executed by SBA, the SBDC, and all co-sponsors in accordance with SBA's Co-sponsorship SOP 90 75 2.

E-Counseling (Electronic Counseling):

To count E-counseling toward the SBDC's goals, the counseling must be substantive. To receive credit for one hour of counseling, the counselor must spend at least one hour researching and formulating the response. This can include several electronic questions and responses that cumulatively add up to one hour.

SBA Form 641 may be completed electronically by the client (see page C-8). In states that accept electronic signatures, it may contain an electronic signature. In states that do not accept electronic signatures, the form must have an original signature. SBA Form 1062 must be completed by the counselor and attached to a paper copy of the electronic question(s) and response(s) and placed in the SBDC's counseling files. Where applicable, electronic versions of SBA Form 1062 may be maintained as part of the file in lieu of a

hard copy being attached to the SBA Form 641. A hard copy of SBA Form 1062 maybe required at the time of certification and or fiscal examination.

Empowerment Zones:

Recipients will conduct outreach programs in urban, rural, Native American reservation communities to recruit and encourage eligible firms to participate in the HUBZone Empowerment Contracting Program. Also, consistent with existing e-commerce initiatives, recipients will assist applicant firms in the completion and transmission of the program's on-line electronic application. SBDCs are encouraged to be part of the application process for empowerment zone/enterprise community initiatives. If the SBDC receives direct funding from another federal agency to participate in an empowerment zone/enterprise community, it must request permission from the AA/SBDC as outlined in §21(a)(5)(B) of the Small Business Act.

Environmental Assistance:

Any assistance that encourages, supports and enables small businesses to develop, market, and/or adopt environmental technologies (including pollution prevention) to achieve economic growth and environmental compliance. SBDCs are encouraged to consult with appropriate state and/or local providers of environmental technical assistance programs.

Financial Assistance:

SBDCs should work with their SBA District Offices by providing services that increase a small business' access to capital. SBDCs are encouraged to develop linkages with Small Business Investment Companies (SBICs), Specialized Small Business Investment Companies (SSBICs), venture capital firms, Certified Development Companies (CDCs), and state and local finance programs.

SBDCs will assist small businesses in such matters as business plan development, financial statement preparation and analysis, cash flow preparation and analysis, source and application of funds. In addition, SBDCs, in cooperation with SBA District Offices, are expected to offer service to new SBA clients and to assist delinquent SBA borrowers who are referred to them by SBA and/or lenders to assist in problem solving, business restructuring, cost analysis, market penetration, and other similar subjects.

Financial Packaging Assistance Guidelines:

SBDCs are encouraged to provide counseling services that increase a small business concern's access to capital, such as business plan development, financial statement preparation and analysis and cash flow preparation and analysis.

SBDCs should help prepare their clients to represent themselves to lending institutions. While SBDCs may attend meetings with lenders to assist clients in preparing financial packages, they may not take a direct role in representing clients in loan negotiations.

SBDCs should inform their clients that counseling assistance or financial packaging assistance does not guarantee receipt of a loan.

Financial Assistance Restrictions:

SBDCs cannot make loans, service loans or make credit decisions regarding the award of loans.

The SBDCs must not take a direct role in representing clients in loan negotiations. They should, however, help prepare their clients to represent themselves to lending institutions and may attend meeting with lenders to assist clients in preparing financial packages.

SBDCs must not advocate, recommend approval, or otherwise attempt in any manner to influence SBA to provide financial assistance to any of its clients.

SBDCs may *not* charge fees for providing assistance for financial packaging.

Information Transfers:

SBDCs will provide information services to SBDC contacts. Information **Transfers** is defined as any contact stage of answering questions, referrals and use of resources for the provision of information. The contact data will be collected and recorded on a log by aggregating the contacts who receive information services. Such log will be maintained by each Lead Center and service center and available for review. If the services rendered exceeds 59 minutes, the contact may become a client and the data **recorded on the Counseling Report Form (SBA Form 641A) or similar program developed form.**

International Trade Services:

SBDCs will provide international trade finance and market development assistance to small businesses throughout the SBDC network. Where appropriate and to the extent possible, SBDCs **will** offer special programs. SBDCs **will** provide international trade assistance by establishing a separate center at one location, or through selected service locations within the SBDC network, to be designated the title of “International Trade Center,” depending on the needs of the small business community and the organizational structure of the SBDC. A list of these centers/locations shall be included with the proposal. Such international trade services **will** be conducted in conjunction with the SBA representative at the local U.S. Export Assistance.

International Trade Center (ITC):

International Trade Centers are specialty centers within the SBDC network dedicated specifically to providing international trade services. Where appropriate, SBDCs will establish ITCs to focus on export assistance to small businesses. ITCs must have an identified manager and qualified professional staff. They must have a separate budget within the SBDC and there must be separate international trade related counseling and training milestones established in the SBDC Cooperative Agreement. Separate brochures marketing the SBDC's international services must be developed and distributed.

The International Trade Center will coordinate and use public and private resources to provide assistance to small businesses, and particularly to those small businesses new to exporting, or with export finance packaging needs.

ITCs will provide a broad range of services as appropriate and needed by the small business community, including the following:

- (A) Assist SBA by supporting Export Assistance Centers sponsored by SBA, the Department of Commerce, the Export-Import Bank, and other Federal agencies.
- (B) Assess client's export-related financing needs and assist clients in structuring and compiling necessary documentation, i.e., business plan development, financial statement and analysis, cash flow preparation and analysis, source and application of funds, letters of credit, etc., for export financing, and particularly for SBA's Export Working Capital Program. Develop linkages with local lenders, SBA district export finance officers, and U. S. Export Assistance Center personnel.
- (C) Develop in cooperation with SBA an Export Trade Assistance Partnership (E-TAP) program on an annual basis for new exporters. Create an E-TAP Task Force for its development and cooperation with other appropriate private and public sector partners to provide counseling and training for this program.
- (D) Develop and conduct seminars on opportunities and procedures involved in exporting, export finance, joint ventures, licensing, ISO 9000 Standards Registration, metric conversion and so forth.
- (E) Identify and analyze client's international trade needs, capabilities and problems, and provide in-depth counseling in international trade techniques, procedures and opportunities.
- (F) Use services available through the Federal Bar Association/SBA Agreement to assist in the resolution of client's international trade/legal problems, the Export Legal Assistance Network (E-LAN).

- (G) Provide a manual of step-by-step procedures and sources of international trade information, where appropriate. Establish an International Trade Reference Library.
- (H) Assist SBA in promoting and recruiting participants for SBA cosponsored events including those with the Department of Commerce, the Overseas Private Investment Corporation, the Agency for International Development, and the Export-Import Bank.
- (I) Assist SBA in the dissemination and marketing of information on trade promotion, trade finance, trade adjustment, and trade remedy assistance.

Manufacturing Assistance:

Many SBDCs partner with the Department of Commerce, National Institute of Standards and Technology's Manufacturing Extension Partnerships (MEPs) to provide specialized services to small manufacturers. Through this partnership, a small manufacturer can receive business management assistance from the SBDC and engineering assistance from the MEPs. Most SBDCs and MEPs view the partnership as significant.

All SBDCs that are partnering with the NIST MEPs are encouraged to continue this valuable assistance to small business manufacturers. SBDCs without a working partnership with the NIST MEPs may wish to pursue one.

Military Base Closings and Reductions-in-Force:

In those states where base closing or realignments will occur, the SBDC must provide a full range of business development and technical assistance services in the affected areas. These services should be specifically designed to meet the particular small business needs that arise as these closings and realignments occur, including services specifically targeted toward existing and former military personnel.

The SBDC may be requested by SBA to provide technical and management assistance to Defense Loan and Technical Assistance Program (DELTA) clients. The DELTA Program targets firms adversely affected by defense reductions, helping them make the transition to commercial markets.

Minority Enterprise Development:

SBDCs should work with their SBA District Offices to provide training and counseling to firms in all stages of the 8(a) Program. Each SBDC must make all of its economic development and technical assistance services available to 8(a) firms in all stages, other minority business owners and prospective minority business owners. SBDCs are encouraged to make special efforts to assist SBA's Minority Enterprise Development 8(a)

Program. These efforts include community-based seminars and workshops concerning the SBA's 8(a) Program application process.

SBDCs should inform their 8(a) clients that counseling assistance does not guarantee receipt of a contract.

Native American Assistance:

Each SBDC must make its economic development and technical assistance services available to Native Americans. Local initiatives for Native Americans shall be supported when appropriate and to the extent possible, by the appropriate SBDC where it is determined that this assistance is needed.

Procurement Assistance:

SBDCs are encouraged to provide services that provide basic information needed by small business concerns interested in procurement opportunities in the Government arena. These services should include, but not be limited to:

- (A) providing information on Government buying methods;
- (B) identifying the role of SBA Area Directors for Government Contracting located in SBA field offices and Procurement Center Representatives (PCRs) located at Federal Government purchasing activities;
- (C) educating small businesses about the Federal government's move toward doing business by Electronic Data Interchange, marketing techniques, placement on agency bidders' lists and SBA's Procurement Marketing and Access Network (PRO-Net);
- (D) preparation of bids and proposals;
- (E) identifying subcontracting opportunities;
- (F) providing counseling and referral information concerning bidders' rights and obligations, appeal procedures, termination and default actions, and size criteria (business advice, not legal advice);
- (G) providing assistance on contractual, financial and contract administration issues;
- (H) developing and/or maintaining computerized systems that identify Federal, state and local procurement opportunities; and

- (I) assist eligible small business firms in the completion and submission of the HUBZONE Empowerment Contracting Program electronic application.

Rural Development:

SBDC applicants must make a full range of business development and technical assistance services available to small businesses located in rural areas. These services will be designed to increase rural small business participation in exporting, government procurement, tourism, access to credit, incubators, innovation and technology and other small business programs.

SBDC State/Region Director:

The SBDC State/Region (in Texas) Director, must be a full-time (100%) senior manager who shall direct and monitor the program activities and financial affairs of the SBDC network to deliver effective services to the small business community, ensure the SBDC's compliance with applicable laws, regulations, OMB circulars and Executive Orders as well as implement the Cooperative Agreement. The SBDC State/Region Director has the responsibility for negotiating the annual Cooperative Agreement with SBA, keeping in mind that national, state and local needs are to be addressed. The director has authority to control expenditures under the lead center's budget. SBDC State/Region Directors may manage other programs in addition to the SBDC program if the programs serve small businesses and do not duplicate the services provided by the SBDC network. However, directors may not receive additional compensation for managing these programs. The SBDC State/Region Director shall serve as the principal contact point for all matters involving the SBDC network.

SBTDC Designation

An SBDC seeking designation as a Small Business and Technology Development Center must submit an application for such designation to the Certification Committee of the Association of Small Business Development Centers (ASBDC). Each applicant will be expected to fully address the strategic role to be played in its state/region, the programs and services to be offered, and the resources committed to technology-related management and technical assistance. Upon completion of its review of each application, the ASBDC will forward the applications along with its comments to the AA/SBDCs for approval or disapproval.

Surety Bond Guarantee Assistance:

SBDCs are encouraged to educate their resources and small business contractors about the Surety Bond Guarantee (SBG) Program. This includes making available program information at counseling and training sessions and at business, professional and trade association meetings. SBDCs should develop an outreach program and actively promote the SBG program to special emphasis contractors. SBDCs should refer small business

contractors to the SBG specialist in one of the four SBG Area Offices (Philadelphia, Atlanta, Denver and Seattle) for detailed information about the program. In addition, the Office of Surety Guarantees in SBA Headquarters has a power point presentation available. An SBDC should contact 202/205-6540, if interested in using it.

Many contractors are able to leave the program and obtain bonding on their own while others remain in the program for several years. One reason small contractors continue in the program is that they lack management expertise and have ongoing cash flow problems. SBDCs are encouraged to work with the SBG specialist in the appropriate area office to identify such contractors and give them the needed business management assistance. Among other areas, this may include business plan development, cash flow preparation and analysis, bid preparation, marketing, and financial statement preparation and analysis.

Technical Assistance:

The Lead SBDC must make technical assistance available to small businesses. Technical assistance includes, but is not limited to: access to published technical information; eCommerce training, access to technical consultants; energy audits and conservation plans; product analysis and improvement; new product development; plant layout; assisting inventors and high technology firms to research, develop and market their ideas and inventions; assisting non-technological firms to gain access to existing technologies; solution of manufacturing or operations problems (using "Just-in-Time" computer aided manufacturing and computer aided design where appropriate); SBIR-related assistance; facilitating the transfer of technology and technical data from federal and university laboratories; assisting competitive positioning through total quality management (TQM), information technology, pollution prevention and other environmental assistance; and conducting economic studies and projects.

Training:

Applicants will provide quality training designed to improve the skills and knowledge of existing and prospective small business owners/managers throughout the SBDC network. Where appropriate, SBDCs are encouraged to utilize educational technology such as computer-based instruction, distance learning initiatives, video tapes and other electronic mediums to enhance the distribution and quality of educational services.

Training generated by SBDCs must be coordinated with the SBA Project Officer to avoid duplication with training efforts offered by other local organizations and SBA. In addition, all training materials developed in an electronic format shall be made available to the SBDC project officer, SBDC Clearinghouse and all SBA resources. SBDCs may charge reasonable fees to cover program costs associated with this training. These fees are considered program income and shall be used to expand services and further SBDC program objectives.

In order to be counted toward training goals, the training must provide a minimum of two hours of instruction, documented with brochures and/or other supporting materials as well as a list of attendees. Training programs should be designed and marketed so as to maximize the efficient utilization of SBDC resources. As a guideline, unless the subject matter or circumstances warrant a smaller group, SBDCs should use 6 as the minimum targeted attendance. In the case of a smaller attendance, justification must be explicitly stated. (See SBA Policy Notice No. 6000-761, effective 9-7-2001).

SBDC Cosponsored Training:

Recipients are encouraged to enter into cosponsored training arrangements with the private sector and other organizations to extend outreach and productivity. (Cooperation between members of the SBDC network; i.e., lead center with service centers or other organizations funded through the Cooperative Agreement with SBA is not considered a cosponsorship).

In order for an SBDC to receive credit for a cosponsored training event, it must actively participate (i.e., provide speakers, materials, publicity) with the organization assuming primary responsibility for financing the training session. Final responsibility for the quality of the training rests with the SBDC. When a training session is cosponsored by the SBDC and another SBA resource (e.g., WBC, SCORE), all resources may count the session toward their training goals providing they were active participants.

For all cosponsored training where there will be a distribution of receipts in whole or in part to the cosponsor, the training file for the activity must document clearly the role and responsibility of the SBDC and each participant receiving a share of the receipts. How the receipts were distributed must also be documented in the training file.

SBDCs are reminded that income received by the SBDC network for all co-sponsored programs cannot be used for match funding and should be used to further support the SBDC.

Veteran and Service-Connected Disabled Veteran Business Ownership:

Each SBDC will make available all of its economic development and technical assistance services to veterans, including service-connected disabled veterans and their immediate families as well as Reservists and National Guard members called to active duty. Both national and local initiatives for veterans shall be supported by the appropriate SBDC as needed. Each SBDC network will establish a minimum of one Veteran Entrepreneurial Training (VET) Program for veterans, service-connected disabled veterans, Reservists and National Guard members as well as active duty military personnel who are pending discharge. The program may include feasibility and marketing studies, preparation of business plans and loan packages, and formation of support groups to provide follow-up and encouragement to participants.

The SBDC may be requested by SBA to provide specific training and counseling with respect to business opportunities or government contracting, in connection with a local base closing.

SBDCs should approach their State National Guard Adjutant General, and all units of the Military Reserves to identify Reservists and National Guard members who are operators of small businesses; are otherwise self-employed, or are essential employees in small businesses, and who have been or may be mobilized pursuant to Title 10 USC for active duty. SBDCs should offer and provide business interruption counseling and training as needed to minimize adverse financial and operational problems. Such counseling could include, but is not limited to the offering advice on the best feasible means of winding up of business operations and the utilization of Federal and State laws, (including the Soldiers and Sailors Relief Act), enacted to protect small business persons who are subject to mobilization to active duty. Additionally, business assistance for self employed Reserve and National Guard members following their release from active duty will be critical to mitigate expenses, secure legal assistance, engage in significant marketing efforts and otherwise minimize the negative effects of the member's mobilization on their small business or practice.

Each SBDC will undertake an initiative to identify veterans on its staff. Each SBDC should also encourage development of a veterans' business network and perhaps convene a local summit for veteran business owners and service-connected disabled veterans business owners as well as Reservists and National Guard members who are subject to be called to active duty. Each SBDC will contact its local VA regional office and link its veterans' business network to VA Vocational Rehabilitation Counselors.

Additionally, each SBDC should endeavor to raise the level of awareness to its audiences at small business seminars, conferences and outreach program announcements about the needs of veterans and service-connected disabled veterans. SBDCs also should strive to develop close working relationships with their respective State Department of Veterans Affairs to explore collaborative outreach and referrals.

Women's Business Ownership:

Each SBDC will make available all of its economic development and technical assistance services to women business owners and prospective women business owners. Both national and local initiatives for women business ownership shall be supported by the appropriate SBDC where it is determined that this assistance is needed. Further, SBDCs will provide support for, coordination with, and referrals to the Women's Network for Entrepreneurial Training (WNET) mentoring program, and the Women's Business Centers (WBC). The SBDCs should develop training programs to help women prepare for the global marketplace.

ATTACHMENT B

FINANCIAL ISSUES

SECTION A

BUDGET PREPARATION AND FUNDING

Administrative Requirements and Cost Principles

SBA will supply Federal Assistance funds for the SBDC's operation. However, in order to qualify for assistance, the applicant (Lead SBDC), and/or its network participants, must provide an additional amount (match) equal to the Federal dollars provided. Cash match in an amount not less than 50 percent of Federal funding is required. The remainder may be indirect and/or in-kind match. No portion of the match may be from Federal sources (except CDBG funds – see page B-4). Program income or fees collected from clients and/or attendees are also excluded from match.

SBDCs submitting multi-year proposals must refer to Attachment D, the Required Application Format, for specific procedures.

University-based SBDCs are governed by OMB Circular A-110 for administrative procedures and OMB Circular A-21 for cost principles. State or local government-based SBDCs are governed administratively by 13 CFR Part 143, and by OMB Circular A-87 for cost principles.

The budget proposal must show the total cost of the program as proposed in Section B of SF-424A (rev. 4/88). Such costs include personnel, fringe benefits, travel, consultants, equipment, supplies, and contractual costs. (Refer to SF- 424A, "Budget Information-Non Construction Programs" Rev. 4/88).

Although "Program Income" is shown on the Standard Form 424, "Application for Federal Assistance," it must not be added into the "Total Estimated Funding" – 15.f. of the Standard Form 424. "Program Income" is also shown on the Standard Form 424A – "Budget-Information – Non-Construction Programs" but it is not to be added into 6.j. Additionally, program income costs must not be included with costs totaled within the budget narrative.

For those SBDCs operating separate International Trade Centers, Procurement Centers, or other specialty type centers as part of the Cooperative Agreement, the budget proposal must include a separate budget and milestone chart.

The budget proposal must include a description of the out-of-state travel proposed, indicating estimated costs, number of persons traveling, and purpose of travel.

All travel performed as part of this agreement must be in accordance with SBDC Program objectives and in compliance with the recipient's travel policy and governed by OMB Circular A-21, or A-87, as applicable. (Refer to Advance Understandings, page 11, for prior approval requirements governing out-of-country travel).

Payment of Dues

The budget proposal must also show the total amount of Cooperative Agreement funds (both Federal and non-Federal) the SBDC intends to allocate for payment of dues to professional associations, including the ASBDC. All dues allocated for membership in the ASBDC and/or other professional associations must be thoroughly documented and justified, and include a detailed explanation of the benefits to the SBDC program derived from this expenditure. Where Federal funds have been used to pay Association dues, the SBDC must be able to document that the expenditure was reasonable and necessary to the SBDC based upon the benefits derived.

Lobbying

There is a broad federal restriction on all grantees of the federal government, which prohibits the use of federal appropriated monies to lobby Congress or agencies concerning certain specified federal actions. 31 U.S.C. § 1352 (also known as the Byrd Amendment). In addition, OMB cost circulars (A-122 at §25 and A-21 at §24) provide that lobbying activities are generally unallowable costs. Reference should be made to the OMB Circulars, which set forth the unallowable activities as well as the limited activities that are allowed.

As stated above, the use of grant funds to pay the costs of membership in business, technical and professional organizations, including the ASBDC, are allowable expenses. However, dues paid with federal funds cannot be used, directly or indirectly, for lobbying activities prohibited by the Byrd Amendment or the OMB Circulars.

Treatment of Service Center Costs

The budget should specify which costs will be paid by Federal dollars, by match dollars, or in-kind/indirect match dollars. This applies to costs incurred by service centers as well as recipient costs.

The budget proposal must describe the financial resources offered by the applicant. The amount and source of funds being provided as match must be clearly indicated; i.e., state, university, and private sector funds, distinguishing between cash match, indirect match and in-kind match. In-kind match contributions must be fully explained to show how their value is determined.

Should the applicant desire to propose service center costs throughout the budget elements (i.e., personnel, fringe, travel, equipment, co-mingled with applicant's costs),

then SBA requires that separate service center budgets be provided with breakout by line item, indicating individual service center costs charged to the recipient, including indirect costs and their applicable indirect cost base and rate. Should applicant desire to propose service costs under subcontractual costs, then SBA requires that separate service center budgets be provided with a breakout by line item, including the amount of Federal dollars to be allocated to each service center, including indirect cost with applicable cost base and rate.

An additional separate spreadsheet with expenses for the entire network must be submitted to capture and summarize the total expenditures for each object class category, for the entire SBDC network. The object class categories on the spreadsheet will show the total *personnel, fringe benefits, travel, equipment, consultants, supplies, indirect costs, and other* for the entire network. The contractual line item will not contain the Lead Center expenditures for service centers but will contain all other Lead Center contractual items and all service center contractual items.

Justification of Costs

All costs proposed require justification and narrative explanation. Applicants must furnish their current indirect cost rate agreement as negotiated with their cognizant federal agency, as well as those agreements for participating service centers.

Miscellaneous or Contingency Costs

Do not include any miscellaneous or contingency costs in the budget. Contributions to a contingency reserve or any similar provision made for events, the occurrence of which cannot be foretold with certainty as to the time, intensity, or with an assurance of their happening, are unallowable. All costs proposed must be included in the specific line items and fully justified.

All forms contained in the financial application package must be completed accurately and in full.

Subcontracting

All subcontracting awarded as a result of this Agreement will be in accordance with OMB Circular A-110, Subpart C - Post Award Requirements, Procurement Standards; and 13 CFR 143.36 and 13 CFR 143.37.

Proposal Cost

This request does not commit the Government to pay any costs incurred in the submission of a proposal.

SECTION B

FINANCIAL GUIDELINES

Carryover Requests: The SBDC State/Region Director may request approval to carry over a Federal unobligated, unexpended balance to the next budget period to make it available for spending during the next period. Carryover of unexpended funds is permissible if funds are to be used for a non-recurring, non-severable project or activity within the scope of the SBDC program.

Carryover requests must consist of the following: (1) SF-424, budget pages, and justification; (2) narrative indicating why the funds were not expended during the period in which they were awarded; (3) SBA District Office approval; and (4) evidence of match.

The match requirement for carryover funds can be met by using overmatch from the current budget year, an increase in funds pledged by the SBDC, or overmatch from the year funds were carried over from or a combination of both.

A carryover request must be made at the time of submission of the final SF-269 (no later than 90 days after the end of the budget period) or the de-obligation process will begin. Approved carryover requests require the issuance of a revised Notice of Award. The Lead Center must document that carryover funds are spent to support the activities outlined in the carryover request. Those states which desire to carryover funds that they have transferred under the ten percent rule, (Notice of Award, Prior Approval, item 4c), must obtain approval from the OSBDC prior to year end.

Use of Program Income:

SBDCs must expend any program income which exceeds 25 percent of the SBDC's total budget (SBA Federal funds and matching funds) by year end. Any remaining program income may be carried over to subsequent budget periods to be utilized to further program objectives. SBDC Program recipients are responsible for establishing a separately identifiable program income account to facilitate financial reporting. All program income must be reported on SBA Form 2113 (Program Income Report). The SBDC will include as an attachment to the SF-269 a narrative description of how program income was used to further eligible program objectives.

Cash Match Requirement:

Each SBDC applicant must ensure that no less than fifty percent of the required contribution will be in cash. This cash outlay must not include indirect costs, in-kind contributions, or program income derived from activities supported in whole or in part with Federal or match funds. Direct cash match committed by the applicant organization or service center (i.e. personnel services, fringe benefits, consultants) may be included in the cash match only to the extent that these costs were committed as part of the specific direct line item costs verified by the Certifying Representative prior to funding.

Further, the cash match shall not include: (1) funds contributed from other Federal sources [see exception below]; (2) program income or fees collected from recipients of assistance, whether collected by the Lead SBDC, service centers or any other participants in the SBDC network; or (3) amounts committed by the applicant organization for unidentified and/or contingent costs in the budget proposal.

There is one exception to not allowing Federal funds as cash match. Community Development Block Grant (CDBG) funds received from the Department of Housing and Urban Development are allowed when: (1) the SBDC activities are consistent with the authorized CDBG activities for which the funds were granted; and (2) the CDBG activities are identified in the Consolidated Plan of the CDBG grantee or in the agreement between the CDBG grantee and the subrecipient of the funds.

The cash match must be committed up front and identified by source, amount, and account number in the SBDC budget proposal. In addition, the contributors, requirements, specifications, or deliverables must be clearly identified in the proposal. The cash match account (as well as SBA Federal Funds) allocated to the SBDC Program, must be under the direct management of the SBDC State/Region or service center Director. However, SBDC organizations are not required to establish separate bank accounts solely for SBDC purposes. The availability of this cash contribution for SBDC Program operations must be certified by the official from the applicant organization who signs the Federal Assistance Form (SF-424).

If the state is providing part of the cash match, the Certifying Representative must verify that these funds have been appropriated prior to award of the Cooperative Agreement. However, in situations where state appropriation cycles prohibit total compliance prior to award of the Cooperative Agreement, the Certifying Representative shall verify that sufficient upfront cash match will be available from the state or other sources, prior to any withdrawal of Federal funds.

SBA Requirement for Allocation of Federal Funds:

SBA requires that at least 80 percent of Federal dollars provided through the Cooperative Agreement must be allocated to the direct costs of the program.

SECTION C **FINANCIAL DEFINITIONS**

Budget Period: The 12 month period in which expenditure obligations are incurred by an SBDC network, coinciding with either the calendar year or the Federal fiscal year.

Contributions/Donations: These are funds received by the SBDC with no requirements. These funds may be used as match or overmatch in the year expended.

Program Funds: Includes all SBA/SBDC Federal funds and all matching and overmatch expenditures reported on the SF-269 (includes non-cash). It does not include other funds under the SBDC umbrella.

Program Income: The definition for program income is contained in the SBDC Notice of Award and applies to all SBDCs whether academic or state-based. In the SBDC program, the term "recipient" includes any SBDC service center or other participating entity that receives Federal funding through the Cooperative Agreement with SBA.

SECTION D

FINANCIAL REPORTING REQUIREMENTS

All SBDC recipients and their service centers will be required to maintain complete and accurate records and supporting documentation to facilitate a thorough financial audit. Financial records shall adequately identify the source and application of funds and provide for the comparison of actual expenditures to budgeted amounts by cost category.

Reporting Instructions:

The SBDC should submit an original and two copies of the SF-272 and three original copies of the SF-269 signed by the authorized representative to the SBA Project Officer quarterly. The final financial report is due to the SBA Project Officer no later than 90 days after the end of each budget period. (Note: SBA Project Officers are required to review the SF-269 for conformance with the SBDC's programmatic requirements. The Project Officer must sign and date the SF-269 after the review.) In addition, the SBDC must insure that a schedule of indirect costs is submitted as an attachment to the SF-269.

This year we are also providing SBDCs with the option of electronically submitting the financial forms as an attachment to an e-mail. If this option is chosen, the SBDC State Director should review the forms and submit them simultaneously to his/her SBA Project Officer and OSBDC Grants Management Specialist.

SBDCs will be funded annually as soon as the Congress appropriates the funds and they are allotted for the program. SBDCs must use OMB Standard Form 270 to draw down funds required to meet their estimated or actual expenses. This is used by SBA to monitor the amount of draw downs and the cash on-hand balance.

SBDCs can request funds against these allotments as frequently as necessary during the Fiscal Year, but no later than 90 days after the end of the budget period after closeout procedures under OMB Circular No. A-110 or Part 143 of SBA's regulations at which time the account will be closed. SBDCs should take steps to make sure that these drawdowns are only made to meet estimated or actual disbursement needs. Drawdown requests must specifically set forth the Cooperative Agreement number and budget code. If carryover is involved, the specific amount requested for disbursement of pre-approved carryover must be provided on the SF 269/272s. Recipient organizations cannot maintain large Federal cash balances on which they earn interest.

All program income, as defined in the Cooperative Agreement, must be reported on SBA Form 2113. The report must contain the program income balance at the beginning of the year; all program income earned during the year; the source of program income; all program income expended during the year; the expense category; program income balance at the end of the year; and a narrative description of how the program income was used.

When SBDC operations are discontinued, a final close-out report is due no later than 90 days after termination of the Cooperative Agreement. Funds remaining unobligated and unexpended in an SBDC's budget for a particular grant year at the end of relevant close-out procedures will be deobligated by SBA for other SBDC purposes.

Recordkeeping Instructions:

SBDCs must maintain support for year-end Standard Forms 269 and 272 financial reports as required by OMB Circulars and SBA Regulations. In addition, SBDCs must maintain support for SBA Form 2113s. This support should consist of at a minimum:

- A spreadsheet which acts as a reconciliation between the SF-269 and the disbursement journals at the lead center and subcenter(s). (applies to Lead Center).
- Support for all charges to the cooperative agreement, but not limited to the disbursement ledger, vendor invoices, canceled checks, and journal entries.
- The expense reimbursement invoices submitted from the subcenters, and any related supporting documentation; i.e., disbursement ledgers, comparison of actual to budgeted expenditures. (applies to Lead Center).
- Any agreement related to matching costs.
- Support for in-kind costs.
- Support for program income receipts and expenditures including receipt and disbursement journals.

ATTACHMENT C **REPORTING ISSUES**

SECTION A **REPORTING REQUIREMENTS**

Required SBA Reports

All SBDC recipients are required to provide reports to SBA. All reports must be filed on time. Failure to do so may result in processing delays for federal funding draw down requests. The following required:

1. **SBDC Quarterly Counseling & Training Reports (EDMIS Summary)**
(due 30 days after completion of the applicable quarter)

All SBDCs are currently required to utilize the SBDC Private Direct Access Intranet MIS for registering data about clients trained and counseled. All Entrepreneurial Development programs and resources will be required to utilize the Agency's new EDMIS system when it becomes operational. SBDCs will be notified when EDMIS is ready for their use. While SBDC resources may choose to continue using their own data collection system for other purposes, the EDMIS system must be used to document all SBA funded activities. Programs required to use EDMIS include SCORE, SBDCs, WBCs and BICs.

The EDMIS system automates three SBA data collection forms (641, 641A and 888), representing core client data across all resource lines, and collects program specific data as well. It is an Internet-based system that features unique data input pages for each program area.

Only designated users assigned passwords will have the ability to input client data and/or review reports about client activity.

2. **Report of Federal Cash Transactions, SF-272 and Financial Status Report, SF-269**
(due 30 days after completion of each period; Final Report due 90 days after the completion of the budget period)
3. **Semiannual Performance Report**
(due 30 days after completion of 6-months of operation)
4. **Annual Performance Report**
(due within 90 days after completion of the budget period)
5. **Economic Impact Data Report**
(due within 90 days after completion of budget period)

6. Information Transfer Report
(due annually, 30 days after completion of the Fiscal Year 4th Quarter)

The Lead SBDC must enter the summary reports directly into the SBDC Private Direct Access Intranet Management Information System. To be in compliance, the Lead SBDC must transmit the on-line data entry reports no later than 30 days after the end of each quarter. Electronic transmission of the data by an SBDC constitutes the SBDC's certification of the transfer date and the data's accuracy. SBA Headquarters, SBA Regional Offices, and SBA District Offices will download the SBDC counseling and training summary reports directly from the SBA/SBDC Private Homepage.

As an added element to the above report, SBDCs serving more than one SBA District Office must submit a quarterly numerical breakout of clients counseled and trained for each district office. The breakout report must be furnished to the SBA Project Officer 30 days after completion of the applicable quarter. The SBA Project Officer, using the established reporting format, will e-mail the breakout data to the OSBDC EDMIS Manager 35 days after completion of the applicable quarter.

Information Transfer Reporting Instructions:

SBDCs must report annually into EDMIS, Information Transfers to small businesses. In order to count and report Information Transfers, each SBDC must maintain a log for documentation purposes. This category may include such items as the use of library resources, the use of computers or software, viewing of business videos, fax-on-demand, information mailings, telephone assistance, electronic assistance, etc. Reporting of these services in addition to counseling and training (1 and 2 hour requirements respectively) presents a more complete scope of SBDC activity and use of resources. This data is not considered counseling or training as defined by the SBDC program.

Financial Reporting Instructions:
(See Attachment B)

Semiannual Performance Reports Instructions:

The SBDC should submit an original and two copies of the Semiannual Performance Report to the SBA Project Officer within 30 days after completion of 6 months operation. It is the Project Officer's responsibility to furnish a copy of this report to the OSBDC.

The Semiannual Performance Reports shall contain a listing of the SBDC's major activities and objectives. It should also include a discussion on the progress made toward achieving those objectives.

Activities should be reported in the following sequence, excluding any activities not proposed in the application, and adding any additional categories as appropriate:

- 0100 ADVOCACY
- 0200 CAPITAL FORMATION
- 0300 INNOVATION AND TECHNOLOGY TRANSFER
- 0400 INTERNATIONAL TRADE
- 0500 MINORITY SMALL BUSINESS DEVELOPMENT
- 0600 RESOURCE DEVELOPMENT
- 0700 PROCUREMENT
- 0800 SPECIAL EMPHASIS GROUPS
- 0900 ECONOMIC DEVELOPMENT
- 1000 RESEARCH
- 1100 OTHER ACTIVITY
- 1200 SUCCESS STORIES
- 1300 TRAVEL
- 1400 PROBLEMS
- 1500 FINANCIAL REPORTS
- 1600 WOMEN-OWNED BUSINESSES
- 1700 ECONOMIC IMPACT – (may be eliminated from Semiannual Performance Reports)
- 1800 VETERAN AND SERVICE CONNECTED-DISABLED VETERAN-OWNED BUSINESSES AND RESERVISTS ON ACTIVE DUTY.

(See Reporting Category Definitions in Section B of this Attachment for a description of the information to be included.)

Annual Performance Report Instructions:

The SBDC must provide an original and two copies of the annual programmatic report to the SBA Project Officer within 90 days of completion of the budget year. This report should be in the same format as the semiannual report and should represent the consolidated effort of the entire SBDC network. Third and fourth quarter information should be included as necessary. The SBA Project Officer will review these reports and submit comments on a Grant/Cooperative Agreement Monitoring Statement, a copy of which will be provided to the SBDC State/Region Director and the OSBDC at SBA Headquarters.

Failure to submit this report accurately and in a timely manner could jeopardize future funding.

The Annual Performance Report should include the following:

- (A) An overall summary of the activities reported in the semiannual report including a description and explanation of objectives in the Cooperative Agreement that were met or exceeded, as well as an explanation of those objectives not fully met;
- (B) A description of any new resources developed by the SBDC;

- (C) Overall observations, difficulties encountered, and recommendations for improving SBDC services; and
- (D) Economic impact data, e.g., jobs created, tax dollars generated.
- (E) Number and description of informational services, requests and referrals received by the SBDC network that do not count toward counseling and training. This may include telephone assistance, electronic assistance, or any other assistance with a duration of less than one hour.

Economic Impact Data Report

The SBDC must enter economic impact data electronically into the **SBDC MIS** within 90 days of completion of its budget year. If the SBDC is funded on the fiscal year, it must collect the data for the fiscal year and input it by December 31; if the SBDC is funded on the calendar year, it must collect the data for the calendar year and input by March 31. In addition to reporting this data electronically, the SBDC must also include this information in its annual report. **All SBDC State/Region Directors must ensure they receive this data from all service centers and that the data collected is consistent with the data required in Section B, #1700, of this Attachment.**

REPORTING CATEGORY DEFINITIONS

SECTION B

*When reporting on any item you are required to include results/impact of activities.
Example: Provided procurement contract matches to 100 clients, of which 50 received awards totaling \$50 million. This moved the state from 49th place to 45th place in receipt of government contracts.*

100 ADVOCACY:

Efforts to represent small business interests within the SBDC's jurisdiction to improve the climate for small business and to contribute to the vitality of the small business sector. Advocacy may include such activities as: public speeches, testimonies before state and/or Federal legislatures, and small business week activities.

200 CAPITAL FORMATION:

Efforts to develop or assist in developing capital for small businesses: e.g., loans, microloans, grants. This may include developing close linkages with SBICs, SSBICs,

venture capital firms, Certified Development Companies (CDCs), and state and local finance programs.

300 INNOVATION AND TECHNOLOGY TRANSFER:

Activities to identify innovation and technology developed by the Federal Government, and/or academic organizations having commercial or practical potential and alerting industry and state and local governments to its availability. Also include efforts toward transferring expertise and equipment available from the Federal Government to the private sector. Activities to transfer innovation and technology from business to business, SBIR activities, and the like should also be included.

Activities with the National Institute of Standards and Technology (NIST), and with the Environmental Protection Agency (EPA) for multi-media pollution prevention, Clean Air Act, and other environmental assistance activities should be thoroughly described.

400 INTERNATIONAL TRADE:

Activities to promote increased export by small businesses. Activities will include providing support to Export Assistance Centers (USEACs), evaluating small business firms' export capabilities, assisting in a client's export related financing needs, providing counseling, training and outreach assistance, partnering with public and private sector organizations involved in export development, data base development, match services and market research, and participating in World Trade Week.

500 MINORITY SMALL BUSINESS DEVELOPMENT:

Activities which help minorities participate in the free enterprise system. Activities may include working on Asian American initiatives, Black or African-American initiatives, Hispanic American initiatives, Native American initiatives, Native Hawaiian or Pacific Islanders initiatives, assisting 8(a) clients in the developmental stage and other stages, linking minority clients with other assistance opportunities, and conferences.

600 RESOURCE DEVELOPMENT:

Activities which promote and/or develop other funding partners to assist the SBDC in its mission. Activities may include recruiting, developing and overseeing private and public resource organizations/individuals for the purpose of providing business development counseling, training, and outreach efforts.

700 PROCUREMENT:

Activities which foster opportunities for increasing small business' share of procurement dollars spent by the government and private sector. Activities may include conferences,

computer matching services, assistance to Certificate of Competency businesses, and prime contractor outreach.

800 SPECIAL EMPHASIS GROUPS:

Activities targeted toward selected groups of entrepreneurs and prospective entrepreneurs. This may include activities that assist people with disabilities, Native Americans, young entrepreneurs, targeted associations, industry groups and other groups identified by SBA and/or the SBDC. (Note: Report minority, veteran and service connected-disabled veteran and women activity separately under Minority Small Business Development, Veteran and Service Connected-Disabled Veteran Owned Business, and Women Owned Businesses).

900 ECONOMIC DEVELOPMENT:

General activities that are not specific to an individual client, do not fit in other categories, and are aimed at supporting/strengthening the economic environment in the SBDC's territory. Areas reported on may include Agri-Business, Rural Development, Community Development, Convention/Tourism, and Incubators.

1000 RESEARCH:

Research efforts aimed toward assisting small business and economic development. Such research may include but is not limited to Data Base Development and Needs Analysis.

1100 OTHER ACTIVITY:

Activities which do not fit in the categories above. The activities may include dissemination of basic business information as well as any specific information requested by the SBA Project Officer and mutually agreed upon with the SBDC State Director.

1200 SUCCESS STORIES:

Provide at least three examples of assistance provided in which tangible results occurred. Include a description of the business, the problems encountered, the assistance provided, resources used, and actual or expected results including economic impact.

1300 TRAVEL:

Provide a description of any unplanned or unbudgeted out-of-state travel for Lead and service centers not disclosed in the cooperative agreement.

1400 PROBLEMS:

Provide a description of any and all problems that have significant impact on the program or program objectives.

1500 FINANCIAL REPORTS:

Furnish copies of SF-269 and SF-272, SBA Form 2113 and any requested attachments as required.

1600 WOMEN-OWNED BUSINESSES:

Describe activities targeted to women-owned small business, such as the Women's Network for Entrepreneurial Training (WNET) program, SBA's Prequalification Loan Program, cooperation with the Women's Business Centers, and any seminars or specialized counseling approaches.

1700 ECONOMIC IMPACT:

Provide the economic impact generated from the assistance you have given your clients during the budget year using the following format: (See Section A of this attachment.)

Jobs: Created _____
Retained _____

Sales: \$ _____

Taxes: State \$ _____
Federal \$ _____

Loans: SBA # _____ \$ _____
Non-SBA # _____ \$ _____

Non-Debt Financing \$ _____

1800 VETERANS, SERVICE CONNECTED-DISABLED VETERAN-OWNED BUSINESSES AND RESERVISTS ON ACTIVE DUTY:

Describe activities targeted toward veteran and service connected-disabled veteran owned businesses, as well as Reservists and National Guard members called to active duty, such as: Veteran Entrepreneurial Training Programs, summits for veteran business owners, DELTA Program, base closing and RIF counseling.

RECORDKEEPING REQUIREMENTS

SECTION C

All SBDC applicants and their service centers will be required to maintain complete and accurate records and supporting documentation to facilitate a thorough program audit. All significant client counseling, training and other activities shall be fully documented. SBDC applicants will support SBA's required data collection and reporting system.

In addition to the performance, financial, and program reports already mentioned in this announcement, you must maintain the following reports.

Counseling Activity Reports:

All SBDCs are required to collect the information currently requested on SBA Form 641. They are also required to adhere to the following:

To comply with legislation passed by the Congress and Executive Orders issued by the President, Federal executive agencies, including the Small Business Administration (SBA). You can find the regulations and policies implementing these laws and Executive Orders in Title 13, Code of Federal Regulations (CFR), Chapter 1, or our Standard Operating Procedures (SOPs). In order to provide the required notices, the following is a brief summary of the various laws and Executive Orders that affect SBA's entrepreneurial development programs.

Paperwork Reduction Act (44 U.S.C. § 3501)

SBA is collecting the information on this form in order to facilitate business assistance services to its clients and for agency analyses related to the operation and management of the entrepreneurial development programs. Periodically, the SBA may use the information collected on this form to produce summary reports for program and management analysis, as required by law. SBA also intends to use the individual client data to select participants for follow-up surveys designed to evaluate SBA assistance services.

PLEASE NOTE: The estimated burden for completing this information is 3 minutes. Your responses to the requested information are voluntary under these programs. You are not required to respond to the questions on this form if it does not display a currently valid OMB control number. If you have questions or comments concerning any aspect of this information, please contact the U.S. Small Business Administration Information Branch, Washington, DC 20416 and/or Desk Officer for the Small Business Administration, Office of Management and Budget, Office of Information Regulatory Affairs, 725 17th St., NW, Washington, DC 20503.

Privacy Act (5 U.S.C. § 552)

Any person can request to see or get copies of any personal information that SBA has in the requestor's file, when that file is retrieved by individual identifiers, such as name or social security number. Requests for information about another party may be denied unless SBA has the written permission of the individual to release the information to the requestor or unless the information is subject to disclosure under the Freedom of Information Act.

Note: Any person concerned with the collection, use and disclosure of information, under the Privacy Act may contact the Chief, Freedom of Information/Privacy Act Office, U.S. Small Business Administration, Suite 5900, 409 3rd St, SW, Washington, DC 20416 for information about the Agency's procedures relating to the Privacy Act and FOIA.

Freedom of Information Act (5 U.S.C. § 552)

This law provides, with some exceptions, that SBA must supply agency records, (i.e., information in its files and records) to a person requesting it. This generally includes statistical data on SBA's business assistance programs, which are in the aggregate. SBA does not routinely make available a client's proprietary data (without first doing pre-notification, as required by Executive Order 12600), or information that would cause competitive harm or constitute a clearly unwarranted invasion of personal privacy.

Address a request under this Act to the appropriate SBA office and identify it as a Freedom of Information Act request. For information about the Freedom of Information Act, contact Chief, Freedom of Information/Privacy Act Office, U.S. Small Business Administration, 409 3rd St., SW, Suite 5900, Washington, DC 20416.

Agreement:

"I request business management counseling from a Small Business Administration resource partner, the Small Business Development Center. I agree to cooperate should I be selected to participate in surveys designed to evaluate SBA assistance services. I understand that any information received by an SBA resource partner counselor will be held in strict confidence by the counselor to the extent allowable by law.

I further understand that SBA resource partner counselors have agreed not to: (1) recommend goods or services from sources in which the individual counselor has an interest; and (2) accept fees or commissions developing from any SBA

resource partner counselors. In consideration of the provision of management and/or technical assistance by a resource partner counselor, I agree to waive all claims arising out of this assistance, against SBA personnel, the resource partner from whom I sought assistance, its host organizations, and the counselor(s) arising from this assistance."

These forms shall be retained in accordance with current OMB and SBA requirements.

SBDCs are responsible for reporting all counseling activities on SBA Form 1062, "Business Development Counseling Record," or SBA Form 641A, "Counseling Information Sheet." Copies of these forms must be retained at the SBDC and available for review by the SBA. An electronic version of these forms may also be used as long as the data elements are the same.

Training Activity Reports:

SBDCs will utilize SBA Form 888, "Management Training Report" or similar program developed form to report small business management training activities. The SBA Form 888 should be prepared by the SBDC when the SBDC is responsible for managing a training activity. All Form 888s must be approved by the SBA Project Officer before inclusion in the SBDC Training Report submitted to SBA. SBDCs use of the computerized version is acceptable.

In lieu of the above requirement and if agreed upon by the District Director, SBA Project Officer, and State/Region Director, a quarterly summary of training events including the number of attendees, number of hours training was conducted, date of training, the names of co-sponsors if any, and training topics can be submitted to the SBA Project Officer no later than 30 days after the end of each quarter. In case of less than 6 attendees, the justification must be explicit. The list must be certified with the signature of the State/Region Director. The SBA Form 888 or similar program developed form must be maintained at the SBDC for review by the SBA Project Officer.

SBDC Client Evaluation Forms:

Evaluations must be collected from SBDC clients who receive continuous counseling or attend an SBDC training event. All SBDCs should develop internal procedures to ensure that these evaluations are performed on a regular basis and retain this document on file.

Two OMB-approved forms may be used for this purpose. SBA Form 1419 "SBDC Counseling Evaluation" (OMB #3245-0183) may be used for counseling evaluations, and SBA Form 20 "National Training Participant Evaluation Questionnaire" (OMB #3245-0075) may be used for training. Additionally, SBDCs may utilize a modified form of SBA Form 20, "Training Evaluation", provided that the form is designed to capture the pertinent information on training needed. Computerized versions of these forms are also acceptable.

Attachment D

REQUIRED APPLICATION FORMAT

Proposals may be submitted for 1 year or for 3 years. All one-year proposals and the first year of all three-year proposals must include the information listed in the three parts below. All proposals shall be submitted with a Table of Contents and numbered pages. Any proposal without a Table of Contents or numbered pages will be returned to the SBDC. For guidance on multi-year proposals, see page D-5 of this attachment.

PART I: BUDGET INFORMATION:

Note: All budget information for the Lead SBDC and the SBDC service centers should be included in Part I. All Forms contained in the application must bear original signatures. (Refer to Attachment B, Section A "Budget Preparation and Funding" for instruction on how these forms are to be completed).

1. SF-424, Revised 4/88, - "Application for Federal Assistance" (Please provide a complete street address)
2. Budget Information-Non-Construction Programs (SF-424A, Rev. 4/88)
Required for Lead and Service Centers.
3. Narrative line-item budget justification (All SBDCs are encouraged to use the Sample Budget Justification).
4. SBDC Budget Justification
5. SBDC Key Personnel List (include any employees having managerial, oversight or substantive control over SBDC activities).
6. Indirect Cost Rate Agreements. **Required for Lead and Service Centers.**
7. Other Sources of Funds Not Declared as Match

PART II: CERTIFICATION FORMS AND ASSURANCES:

1. Certification Regarding Debarment, Suspension, and Other Responsibility Matters, Primary Covered Transactions (SBA Temporary Form 1623, 10/88)
2. Certification Regarding Drug-Free Workplace Requirements
3. Certification Regarding Lobbying (All SBDC Applicants)
4. Disclosure Form, if applicable (SF LLL)
5. Cash Match and Program Income Certification Form (This form includes a certification of program income on hand)
6. Cost Sharing Proposal
7. Assurances-Non-Construction Programs (SF-424B, Revised 4/88)

PART III: PROGRAM NARRATIVE:

Milestone Charts:

Enclose a completed copy of the milestone chart for the Lead SBDC and separate charts for all SBDC service centers, including specialty centers. The charts must include Major Program Objectives and Special Projects for each service center.

Program Management:

Provide a brief summary describing the management and coordination of the SBDC throughout the state or area being served. If applicable, describe plans for the addition of any new service centers or programs. (Applicants applying for initial funding must describe how the SBDC plans to provide total state or regional coverage during a three-year period).

Organization and Structure:

Enclose an organizational chart of the total SBDC network. The chart must indicate the positioning of the Lead SBDC within the applicant organization and the department or division and person to which the SBDC State Director reports.

SBDC Network:

Provide a complete listing of the names, addresses, 9-digit zip codes, telephone and fax numbers of the Lead SBDC, SBDC service centers and other service locations. Clearly indicate which SBDC locations are basic service centers and which are specialty centers, i.e., international trade, procurement. Lead Centers should also list SBDC web-site addresses and primary e-mail addresses.

Program Objectives:

Provide a brief summary of major program objectives, and ongoing programs, highlighting any new programs, special projects or activities. To facilitate reporting, categorize the information presented using the reporting titles listed in Attachment C, Section B to the extent possible. (Success stories, however, do not need to be included in the proposal).

SBDC Closures:

Provide a listing of all scheduled SBDC center and service center closures, whether for holidays or shutdown of the recipient organization. Anticipated closures shall be included in the annual renewal application. Emergency closures shall be reported to the SBA Project Officer as soon as feasible to do so. Other SBDC service providers shall be open during the normal business hours of their sponsoring SBDC organizations.

Advisory Board:

Each SBDC must establish an Advisory Board in accordance with 15 U.S.C. 648(j). Enclose a list of the members of the SBDC statewide Advisory Board, with their titles, and a description of the Board's responsibilities.

These advisory boards must include a predominant number of representatives from small businesses or associations representing small businesses located throughout the entire area of service. Veterans, women and minorities should be represented.

The reasonable cost of travel of any Board member for official board activities may be paid out of the SBDC's budgeted funds.

An SBDC's proposal must include the date of its Board's most recent meeting.

Conflict of Interest Policy:

Enclose a current copy(s) of the conflict of interest policy utilized throughout the SBDC network.

Training:

The proposal must include a list of the types of training to be offered during the budget period. To assist SBA, categorize the types of events to be offered on a quarterly basis by topic (e.g., Marketing/Sales, Accounting/Budget, Cash Flow Management, Procurement, Rural Business Development, International Trade). Recipients will be expected to provide the SBA project officer with a monthly calendar of training.

When possible, the recipient should identify and update the SBA Home Page calendar which provides the public a listing of SBA sponsored events. The SBA Home Page should be updated at least quarterly.

Personnel:

Provide resumes for any new key professional personnel assigned to the program; i.e., Lead and service center directors, special program directors. (Applicants for initial funding are required to submit resumes for all key professional personnel).

Other Funds

Fully describe any other Federal or state small business assistance programs, contributions (see Attachment B, Section E) or grant funds (excluding foundation accounts) managed by the SBDC organization outside the SBA Cooperative Agreement. Include the source and amount of funds provided by each organization, and the purpose for which the funds have been provided.

SBDCs managing other small business programs outside the SBA cooperative agreement must maintain separate records to ensure a clear audit trail for the funds provided under the SBDC cooperative agreement.

The SBDC must maintain an updated list of funding sources and amounts for each source of funds received by the SBDC network (including grants, contracts, and contributions.) In addition, for each source of funds, documentation of the name and phone number of the donor/contractor/grantor, the amount of funding, the intended purpose, and any requirements, stipulations, or deliverables must be maintained and made available during the biennial examination process.

In accordance with 15 USC 648(a)(5), Associate Administrator for Small Business Development Centers must concur with all federal initiatives to be accomplished through the SBDC networks.

Treatment of Proposal Information:

In the event the SBDC's proposal contains confidential data, the SBDC must follow Part 102 of SBA's regulations.

Confidentiality and Dissemination of Information:

Unless otherwise specified, all financial, statistical, personnel and/or technical information and data which are furnished, produced, or otherwise made available to the SBDC by its small business customers during the performance of this Agreement shall not be used for purposes other than performance of work under this Agreement. The above information

received by the SBDC may be privileged and must not be released or disclosed by the SBDC without the prior written consent of the client unless otherwise required by law. If such information is requested in a legal proceeding, the SBDC must take the necessary precautions and legal recourse to protect privileged information.

No files or records will be removed from the premises of any Government agency with which the recipient may work without the approval of the agency in possession of such documents. Publication of any information will be in accordance with OMB Circular A-110.

MULTI-YEAR PROPOSAL INSTRUCTIONS

FIRST YEAR

STEP 1

In addition to the steps set forth below, see the requirements listed on page D-1 for first year of 3-year proposals.

Applicants shall submit a complete budget, which includes a Standard Form 424 (SF-424) "Application for Federal Funds," Standard Form 424a (SF-424a) "Budget Information-Non-Construction Programs," and all required certifications as listed in the Required Application Format. **ALL DOCUMENTATION MUST BE ORIGINAL AND SIGNED BY THE AUTHORIZED EDUCATIONAL INSTITUTION OR STATE OFFICIAL.**

The initial proposal should also include two separate SF-424s for the optional years 2 and 3 budget periods. No additional budget information is necessary with the initial proposal for optional years 2 and 3. Additional information must be provided regarding future budget submission at renewal time.

The project period consists of an initial 12-month budget period, and a 24-month option period (comprised of two 12-month budget periods). The Notice of Award for the initial budget year will provide funding for a 12-month period only. The Cooperative Agreement will include a statement which reads: "Project period of up to 36 months, consisting of three 12-month budget periods, subject to the availability of funds."

STEP 2

Sections A, B, C, D and E of the SF-424a, "Budget Information - Non Construction Programs" should be completed for the corresponding 12 month budget period.

STEP 3

Applicants should prepare a program narrative for the 3-year project period. The development, management, coordination, and operation of the statewide SBDC program, along with targeted SBA goals and initiatives should be discussed. The Planned Milestone Accomplishments for the Lead SBDC and for all service centers must be completed for the first year only.

STEP 4

The 36-month programmatic and budget proposal must be reviewed by and have received concurrence from the district office. It is then sent to the OSBDC to be reviewed for programmatic content by the appropriate SBA Program Manager. If there are no programmatic issues to be resolved, the SBA Program Manager will recommend approval to the Grants Management Specialist. The Grants Management Specialist will review the budget and all fiscal documentation. Once determined that all costs are in compliance with applicable OMB cost principles, the Grants Management Specialist will process and issue the Notice of Award.

NOTE: District and SBA Headquarters staff must concur on each 12-month budget period.

STEP 5

The "Cash Match and Program Income Certification" and "Planned Milestone Accomplishments" must be submitted annually.

SECOND AND THIRD YEARS

STEP 1

In March or April of each year a renewal letter and the Program Announcement will be forwarded to the SBDC by the Office of SBDCs. This letter will indicate that negotiations for the forthcoming year shall focus on any programmatic changes or budgetary revisions that need to be made to the proposal already submitted to OSBDC. The letter will also allow the SBDC to request its second year refunding option without having to submit a completely revised programmatic or budgetary proposal (assumes satisfactory performance and the availability of funds).

SBDCs wishing to exercise the renewal option, must officially respond to the district office by the date specified in the renewal letter. This will be the official notification that the SBDC wishes to request the second year refunding option. Response to the renewal letter, with district concurrence, should include the following:

- A) A new SF-424 and 424A is required if any changes have been made to the original proposal submission. A complete budget and narrative justification is required for this option year.
- B) A copy of your current negotiated indirect cost rate agreement, if there are any changes;
- C) Any new SBA/SBDC priorities;
- D) A complete set of milestones covering the coming year;
- E) A Certification of Cash Match and Program Income;
- F) A revised list of service centers;
- G) A list of any new employees, the position he/she will occupy, and a resume; and
- H) A list of scheduled SBDC (including Lead and service center) holiday closures.

All revisions to the Cooperative Agreement must be received by the SBA District Office and forwarded to OSBDC by the date specified in the renewal letter.

STEP 2

After response to the renewal letter has been received by the Office of SBDCs, all revisions (if any), will be reviewed for programmatic and financial content by the appropriate Program Manager and Grants Management Specialist.

If there are no outstanding issues to be resolved, the Program Manager will recommend approval to the Grants Management Specialist. The Grants Management Specialist will then process and issue the Notice of Award.

SBA AND SBDC DUTIES AND RESPONSIBILITIES WITH REGARD TO PROPOSALS AND RENEWALS

SBA

The Office of SBDCs is responsible for:

- 1) Mailing the renewal letter and program announcement to the SBDC State/Region Director;
- 2) Reviewing any changes to the proposal;

- 3) Resolving any outstanding issues not resolved by the district office under the Disputes Policy (See 13 CFR 130);
- 4) Approving the proposal and issuing the Notice of Award; and
- 5) Conducting programmatic and financial reviews.

The SBA District Office is responsible for the following:

- 1) Negotiating the proposal with the SBDC State/Region Director incorporating district office and Agency priorities; and
- 2) Reviewing and initially approving the proposal; and
- 3) Submitting the original proposal and one copy of the revisions to the Office of SBDC's with a cover letter indicating approval.

NOTE: If multiple district offices are in the geographic area of the SBDC, the SBA Project Officer must obtain the concurrence and signature of all SBA District Directors before forwarding the Proposal to Headquarters.

The SBDC is responsible for the following:

- 1) In concert with the SBA Project Officer, preparing the proposal including milestones and a short summary of the status of the current year's accomplishments;
- 2) Negotiating the proposal with the SBA Project Officer and SBA District Director; and
- 3) Submitting the original and two copies to the SBA Project Officer in a timely manner.

EXECUTIVE ORDER 12372 PROCESS

Applicants submitting proposals to the Small Business Administration for operation of a Small Business Development Center are bound by the provisions of Executive Order 12372, "Intergovernmental Review of Federal Programs."

To ensure compliance with the Order, SBDCs must provide their state's point of contact with a copy of their proposal as soon as possible. SBA will publish a Notice in the Federal Register notifying states of each pending application, including applications due to be submitted for continuation of ongoing programs. For those applicants submitting

proposals to continue operations, the Federal Register Notice will provide for a comment period of 120 days, where practical. For new SBDC programs, the Federal Register Notice will provide for a comment period of 60 days.

In addition to notifying states of pending applications through the Federal Register, SBA will also send a letter to the applicable state point of contact alerting the state of SBA's intent to fund an SBDC. This letter will include the State or Region SBDC Director's name, address and telephone number, and suggest that the addressee contact the State or Region Director if there are any questions about the SBDC program.

The point of contact designated by the state will be asked to forward the state process recommendations directly to the Associate Administrator, Office of Small Business Development Centers, U. S. Small Business Administration, 409 3rd Street, SW, Washington, D.C. 20416. A copy should also be sent to the Lead SBDC Director. Only written comments/recommendations submitted by the point of contact and directed to the Associate Administrator, Office of Small Business Development Centers, will be guaranteed a formal response from SBA. These comments must be received within the time frames stated above.

SBDC applicants must make every effort to accommodate the recommendations of the state. If an accommodation between the state and the SBDC applicant cannot be reached, the SBA will work with the SBDC and the state in an effort to accommodate the recommendation. If acceptance of the recommendation is not possible, SBA will furnish the state with a written explanation of the non-accommodation.

The Office of Small Business Development Centers will also consider comments received from state, regional and local officials even if no official state process procedure has been established. SBDC applicants receiving these comments directly shall ensure they are forwarded to the AA, Office of Small Business Development Centers, for consideration.

SBDC applicants must cooperate fully with SBA officials at all levels to ensure that all comments are addressed in this consultation process.